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C O N F I D E N T I A L SECTION 01 OF 03 ISLAMABAD 005393

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TAGS: [PGOV](#) [PK](#) [PREL](#) [AEMR](#) [AMGT](#) [ASEC](#) [CASC](#) [KFLO](#) [MARR](#)  
PINR  
SUBJECT: MGPK02: SITREP 5: PPP POST-BENAZIR STRATEGY;  
REJECTION OF MEDICAL REPORT; DEATH IMPACTS ECONOMY

REF: A. ISLAMABAD 5392 ISLAMABAD 5390  
[1](#)B. ISLAMABAD 5380

Classified By: Anne W. Patterson, Reasons 1.4 (b), (d)

[1](#)1. (C) Summary: Order was being restored in much of Pakistan on the last day of the 3-day mourning period in memory of Benazir Bhutto. In Sindh and its major city of Karachi, violence and casualties continued with widespread property loss. Shops remained closed, but airports and roads reopened. The Pakistan People's Party (PPP) was meeting today to choose the party's successor to Benazir and formulate a post-Benazir strategy; the PPP is expected to make a public announcement on its decisions at 5 pm local (probably later). There are growing indications that the elections will be postponed (see septel for Ambassador's conversations with NSA Tariq Aziz, PPP Vice Chairman Faheem and Pakistan Muslim League President Chaudhry Shujaat). There was significant coverage of the investigation with many sources questioning the GOP's determination of the cause of Bhutto's death. Baitallah Mehsood denied any involvement with the assassination, while PPP leaders, the Human Rights Commission of Pakistan, and Nawaz Sharif accused the GOP of mishandling the investigation. Financial losses from the post-assassination violence are mounting, and transportation problems are exacerbating fuel and food shortages in Sindh. Analysts predict significant losses when the Karachi Stock Market reopens on Monday. Iran officially closed its border with Pakistan pending a reduction in violence. Mission Pakistan continues to operate normally, and all offices will reopen tomorrow, Monday, December 31. We expect transportation problems may limit our locally engaged staff's ability to come to work. End summary.

PPP POST-BENAZIR STRATEGY

[1](#)2. (C) The Central Executive Committee of the Pakistan People's Party (PPP) was meeting today following a memorial service and the reading of Benazir's will to discuss a post-Benazir strategy. Sources in the PPP predict that Benazir's son will be named titular head of the party, backed by his father, Asif Ali Zardari, with PPP Vice Chairman Amin Faheem controlling party operations. This has yet to be confirmed. The PPP will also today discuss whether to go forward with elections. Faheem told Ambassador (septel) that the party was now leaning toward a delay in elections. The PPP is expected to make a public statement around 5 pm local time, although we expect this will be delayed.

## INVESTIGATION QUESTIONED

13. (U) Local media reports that Tehrik-i-Taliban Pakistan chief Baitallah Mehsood denied on December 29 that his organization had any role in the assassination of Bhutto after the Ministry of Interior (MOI) announced on December 28 that Baitallah's men had carried out the attack. A spokesman for the group unconvincingly said that killing a woman is against their tribal customs and traditions.

14. U) MOI reiterated the GOP's pledge to the diplomatic corps (Ref A) that it is prepared to conduct an autopsy if the Bhutto's family allowed for the exhumation of Bhutto's body and made the request for an autopsy to take place. Today's media included multiple articles that questioned or ridiculed the MOI investigation due to its changing theories--from gunshot to shrapnel to a skull fracture. Sherry Rehman, the PPP Information Secretary, told local media that she saw the bullet wound while washing Bhutto's body in preparation for the funeral, and she accused the GOP of a cover-up. The General Secretary of Human Rights Commission of Pakistan (HRCP), Iqbal Haider, demanded that the United Nations' experts should investigate the assassination in the same way it had investigated Lebanese PM Hariri's death. Haider said that the medical report was "concocted and ridiculous" and that the HRCP would not accept the judicial commission of the probe as it was not independent.

15. (U) Former prime minister Nawaz Sharif met with Asif Ali Zardari, the husband of Bhutto, to offer his condolences. Prior to this meeting, Nawaz told reporters that the assassination was a result of inadequate security provided to

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her by the GOP.

## GOP SEEKS TO MAINTAIN ORDER

16. (U) President Musharraf ordered a crackdown on December 29 against elements involved in the looting and torching of public and private buildings following the assassination of Bhutto and directed authorities to arrest those committing these acts under the Anti-Terrorism Act.

## ELECTIONS

17. (U) President Musharraf announced that he would like to see elections continue as scheduled but a final decision on the matter would be made after the political parties are consulted. The Election Commission of Pakistan announced that it is also considering a postponement of the January 8 general elections because the security situation in some areas of the country were not conducive to hold the election.

See septel for Ambassador's conversations with NSA Tariq Aziz and Pakistan Muslim League President Chaudhry Shujaat Hussain; it appears there is a consensus growing for a postponement of elections until mid-February.

## ECONOMIC IMPACT

18. (U) Most businesses across Pakistan remained closed on Sunday; in Sindh Province, there were reports of mounting shortages of food, dairy, and fuel products. Transport companies have been unable to make deliveries to wholesalers, and many shopkeepers report empty shelves. Fuel stations are either out of gas or running very low. Estimates of the official economic impact will begin to be compiled during the next week to account for lost property and investments. Daily wage earners, including factory workers and contractors, will be particularly hit hard due to the coupled closures for official mourning following the EID holiday closures. Many factories simply remained closed and without public transportation, many employees are simply unable to

report to work.

¶9. (U) Local insurance companies are expecting huge losses to be reported as a result of the violence across Pakistan, with the largest losses expected in Karachi. Looted shops, factories, burned vehicles, and vandalized bank branches will constitute the majority of insurance claims. Local media reports that several insurance companies fear the loss could be in the billions of dollars and could result in the collapse of some of Pakistan's twelve national insurance companies.

¶10. (U) While information is still being collected, early estimates provide that over 150 branches of local banks were looted, burned, or partially damaged. The continued violence has delayed the official tallies of damage to ATMs and banks. Some bank owners report to EconOffs that they expect massive capital flight when banks reopen on Monday as looting is expected to continue.

¶11. (U) The Karachi Stock Exchange (KSE) is expected to reopen on Monday, and local contacts report to EconOffs that they expect the KSE 100 Index to take a major hit due to the political uncertainty. KSE has an automatic trigger mechanism that halts trading if the overall index falls five percent by volume.

#### SINDH PROVINCE

¶12. (U) The Election Commission in Sindh reports that its offices in nine districts were torched, and basically everything within the offices was destroyed, including the ballots and ballot boxes for the January 8 elections. The Army has been deployed in 16 Sindh districts, and the Pakistan Railways has asked for the Army to patrol the tracks. Airports and roads have reopened, but with the limited fuel supplies, flights are still limited and few vehicles are on the road. The train service is still suspended due to damages to the tracks, and it has been

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reported that it will be at least until January 5 before any repairs can be made and normal service resumes.

#### KARACHI

¶13. (U) A mob torched a parking lot of vehicles near the Financial Trade Center. Locals report that gangs of Afghans and Pathans from North Nazimabad, armed with shovels and pickaxes, looted several local banks and stores. Fires continue throughout the city. Food stuffs are continuing to dwindle, especially water, due to roads blocks preventing delivery trucks from getting to certain neighborhoods. Six people were killed in Lyari, a PPP stronghold.

#### LAHORE

¶14. (U) Lahore remains quiet. Several prayer services for Bhutto are planned for today and are expected to remain peaceful. Shops and petrol stations remain closed, but some stores in the more affluent areas of Lahore are quietly reopening. Public transportation is starting to reemerge on the roadways, but the closure of the petrol stations is preventing many rickshaws from returning. With the end of the 3-day mourning period on Monday, transport and shops are expected to reopen.

#### PESHAWAR

¶15. (U) Peshawar CG reports that the city is quiet today.

#### AMERICAN CITIZEN SERVICES

¶16. (U) Embassy and Consulates report that no emergency ACS

calls have been made. The three Consulates also report that airports and roads have reopened in their areas, allowing flights to take place and people to travel to and from the airports more freely.

#### INTERNATIONAL RESPONSE

¶17. (U) On December 29, Iran closed its border with Pakistan for an indefinite period in view of the uncertainty in Pakistan. Sources said the Government of Iran took the decision after the unrest in Panjgur, Turbat, Gwadar, Mand, and Taftan areas of Balochistan.

¶18. (U) Media reports that train service with India has been restored.  
PATTERSON